



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



SEPTEMBER 14, 1999

GMO Uncertainty Affecting American Farmers. It seemed at first that the European Union (EU) was the lone opponent of genetically modified (GMO) crops. However, it appears the EU is not alone in its skepticism and distrust over the new technology. Many other foreign agricultural buyers have decided against placing these crops on the market. In the U.S., the recent finding that pollen from corn, genetically engineered to produce an insecticide that may kill Monarch butterflies, has only heightened concern. The situation is having a tremendous effect on farmers who paid premium prices for the high-tech seeds, and now, with the fall harvest approaching, may have to sell their crop at a discounted rate. It has fostered a feeling among farmers that they were deliberately misguided by various seed and commodity associations. American farmers claim that, not only were they not informed of the high risk involved in harvesting an unpopular crop, but they were also encouraged by these companies to plant many acres of the crops. Adding to the uncertain future of GMO crops was the recent recommendation announced by Archer Daniels Midland (ADM) that farmers segregate gene-altered and non-gene-altered crops. The decision was due to the requests of ADM customers that purchases be made based on genetic origin. Gary Bradley, a National Corn Growers Association spokesman, however, stated that farmers "are not in any position to absorb that cost." Further, Randy Sexton, Niantic Farmers Grain Co., said that with genetically engineered corn making up a third of this past summer's harvest, many grain depots do not even possess the facilities needed to perform such a complicated task. Another major problem concerns the large amount of company time and wages that would be required to fully ensure separation of the two varieties of the crop, with the added risk of contamination of either crop during the process. "We hire temporary helpers and farmers hire temporary drivers and it would be very easy to get a truck mixed up," Sexton stated, emphasizing the potential for liability. Seed suppliers are expecting that, overall, sales may remain steady but feel that "farmers will continue to adopt the technology," according to a Monsanto spokeswoman. Gary Goldberg, of the American Corn Growers Association, stated that there will likely be "a 20 to 25 percent reduction in engineered acres next year because of this uncertainty issue." (*Washington Post*, 9/12)

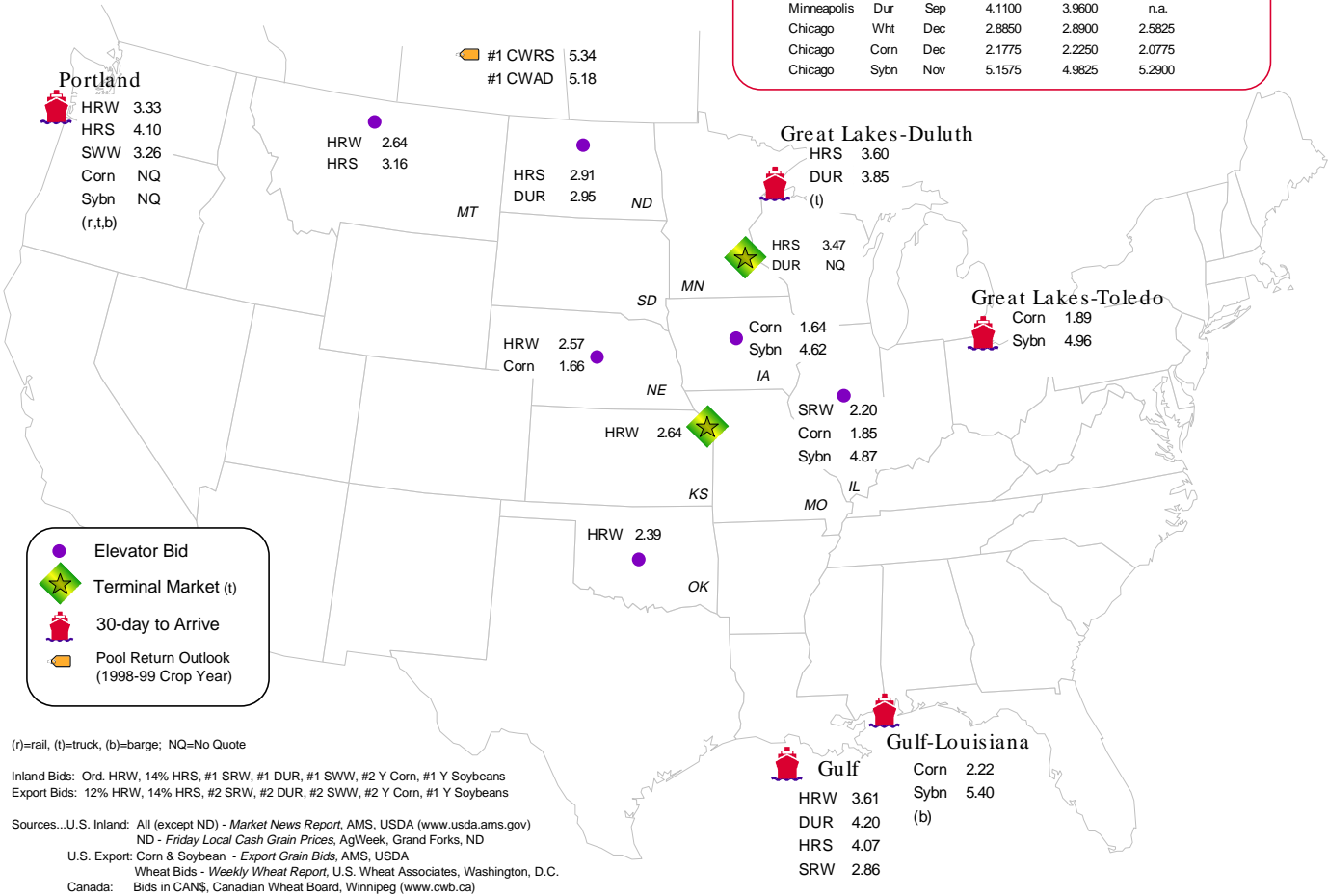
Farmers Seek Change Through Rallies. Approximately 300 farmers representing the National Farmers Union (NFU) met with lawmakers in Washington recently, seeking up to \$11 billion in financial aid as well as the creation of a supply-management program such as farmer-owned reserves, for example. The group, lead by NFU president Leland Swanson, stated that along with the aid should also come structural changes on how it is to be distributed. Instead of distribution through the Agricultural Marketing Transition Act (AMTA), the NFU prefers that payments be made based on the loan deficiency payment program. A rally sponsored by the National Family Farm Coalition, consisting of roughly 200 farmers and their families, also met in Washington early this week. Their goal was to have the 1996 "Freedom To Farm" Act repealed, claiming that it serves corporate agribusinesses, whose large scale allows them to buy commodities at low prices, while cutting the income of family farmers. Senator Paul Wellstone (R-MN) proposed placing a moratorium stopping any mergers, acquisitions, or marketing agreements of any agribusinesses with net revenues or assets over \$50 million. Senator Wellstone also raised other possibilities, such as the requirement of an impact statement from companies prior to a merger, as well as stiffer penalties for the violation of antitrust laws. The current "Freedom To Farm" law is set to expire in 2002. (*Bridge News* 9/13, *Reuters* 9/13)

Asia Pacific Region To Face Food Shortages. Food experts, speaking at a recent seminar, warned of serious food shortages in the Asia Pacific region in the next 3 decades. With a population expected to reach 4.7 billion by 2030 (from 3.3 billion in 1997), according to the Food and Agriculture Organization (FAO), Asia will need to increase its output of cereal products by 50 percent over the next 3 decades. Several Asian nations, including North Korea, Laos, and Indonesia, are already having difficulty feeding their populations, according to the FAO. Adverse weather is said to have played a significant role in these current food supply problems. However, limited planting areas and irrigation will be the obstacles of the future. A representative of the Asian Development Bank claimed that the problems are largely a result of "widespread corruptions and mismanagement by governments across the region." "Technology development and dissemination" by the region's governments was seen as a likely solution. (*Reuters* 9/14)

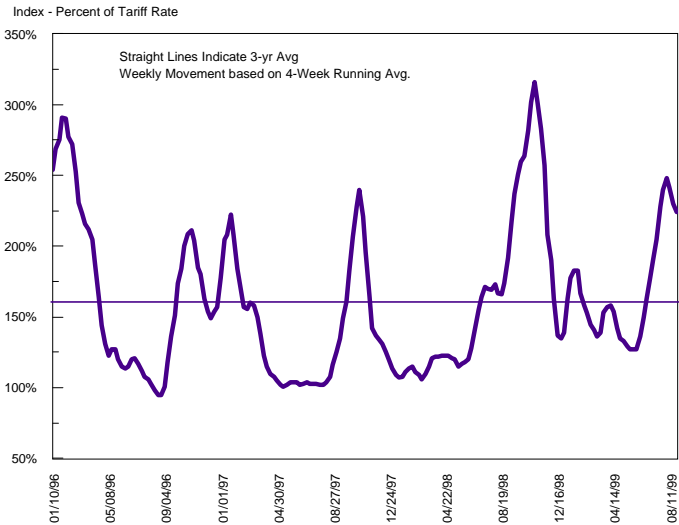
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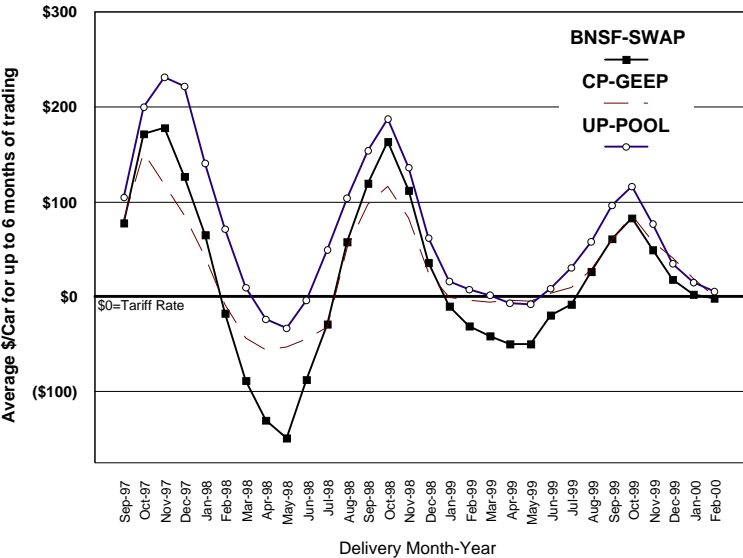
Grain Bid Summary



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Oct-99		Dec-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,175	97%	12,175	39%
UP-GCAS	5,400	62%	5,400	24%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Sep-99	Nov-99	Dec-99	Jan-00
BNSF-GF	\$29	\$15	\$2	\$4
CP-GEEP	\$81	\$13	\$7	\$0
UP-Pool	\$75	\$43	\$2	\$2

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Oct-99	Nov-99	Dec-99
COT/N. Grain	\$22	no bid	no bid
COT/S. Grain	sold out	\$1	no bid
GCAS/Region 2	\$108	no bid	no bid
GCAS/Region 4	\$64	\$1	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

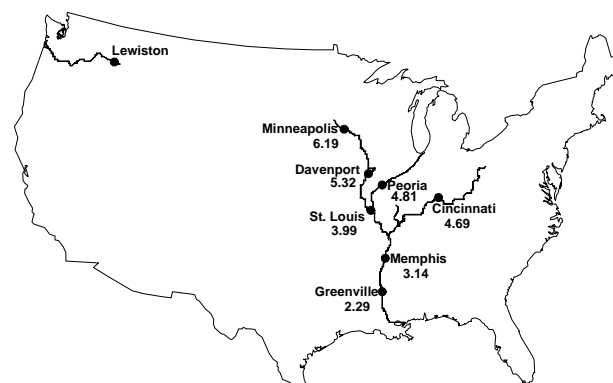
Week ended	River/Region	Contract Period	Rate
9/10/99	Illinois River	nwk	235
	St Louis	nwk	230
	Lower Ohio River	9/12-9/25	275
		nwk	270/275

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week
nwk=next week**Southbound Barge Freight Spot Rates**

	9/8/99	9/1/99	Oct. '99	Nov. '99
Twin Cities	254	243	289	nq
Mid-Mississippi	249	241	281	nq
Illinois River	238	233	273	169
St. Louis	250	245	257	132
Lower Ohio	271	253	275	142
Cairo-Memphis	248	245	256	128

Source: Transportation & Marketing /AMS/USDA

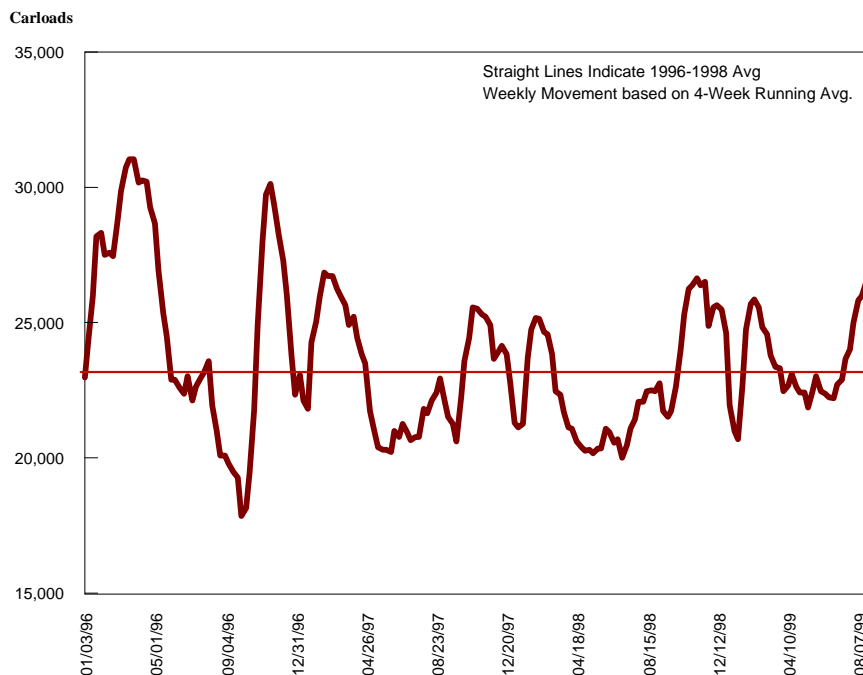
**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
8/21/99	26,347
8/28/99	27,009
9/4/99	26,815
Year to Date - 1999	840,254
Year to Date - 1998**	771,376
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: Association of American Railroads	

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

		<u>East</u>				<u>West</u>		<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
09/04/99	0	2,330	1,693	2,740	11,399	686	7,967	2,106	4,891
This Week Last Year	743	1,948	1,382	2,285	9,524	650	6,594	2,183	3,909
1999 YTD	15,522	85,111	58,167	91,598	298,860	23,967	267,029	76,427	134,624
1998 YTD*	24,710	79,822	52,735	86,160	281,605	22,458	223,886	78,282	142,476
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: Association of American Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

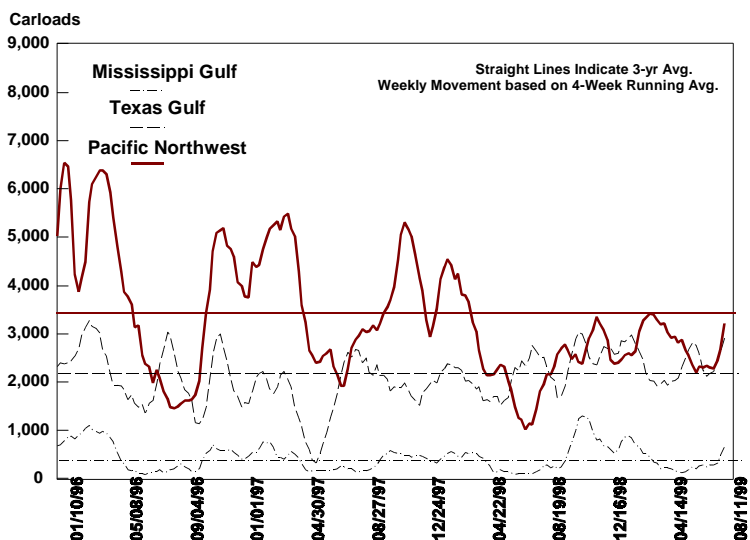
September 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
09/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,150	\$23.70	\$0.65
09/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,442	\$48.96	\$1.33
09/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,850	\$20.39	\$0.56
09/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,604	\$50.75	\$1.38
09/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$4,205	\$46.35	\$1.26
09/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,951	\$32.53	\$0.83
09/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$34.17	\$0.87
09/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,526	\$27.84	\$0.71
09/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,280	\$36.16	\$0.98
09/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$2,980	\$32.85	\$0.89
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

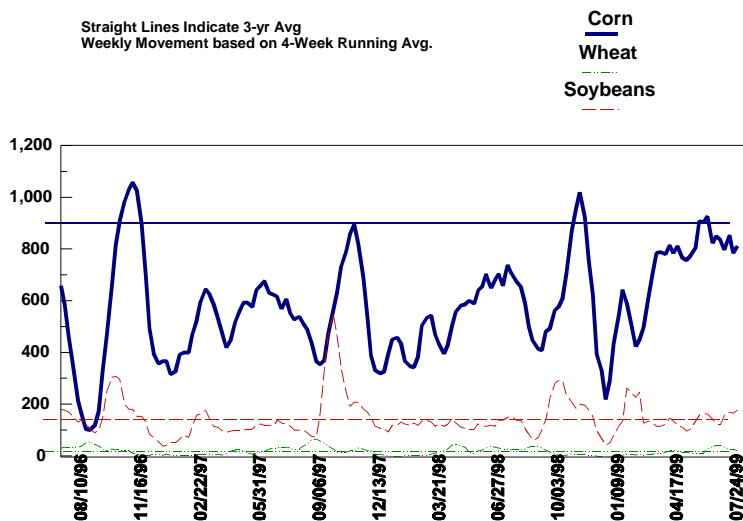
Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
07/28/99	362	2,415	2,464	162
08/04/99	512	2,859	2,936	147
08/11/99	855	2,674	2,940	129
08/18/99	925	3,693	4,512	187
08/25/99	951	4,044*	4,418	440
09/01/99	586	3,351	3,125	438
YTD 1999	15,602	88,524*	99,756	9,374
YTD 1998	10,799	73,814	91,156	6,678
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147
Source: Transportation & Marketing/AMS/USDA				

Rail Deliveries to Port

Note: *Corrected data.

Barge Movements - Locks 27

1,000 Tons

Straight Lines Indicate 3-yr Avg
Weekly Movement based on 4-Week Running Avg.**Barge Grain Movements**

for week ending 9/4/99

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	299	21	116	443
Winfield, MO (L25)	n/a	n/a	n/a	n/a
Alton, IL (L26)	n/a	n/a	n/a	n/a
Granite City, IL (L27)	n/a	n/a	n/a	n/a
Illinois River (L8)	144	6	56	207
Ohio (L52)	14	6	28	70
Arkansas (L1)	0	44	1	46
1999 YTD	24,920	2,078	5,126	34,081
1998 YTD	19,574	1,717	5,101	28,414
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
09/02/99	1,331	622	760	568	275	3,555	8,647	3,907	16,109
This Week Year Ago	1,657	365	1,109	1,020	238	4,388	7,780	4,707	16,875
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	3,574	962	1,399	761	221	6,917	475	83	7,475
97/98 YTD	3,206	589	1,675	1,172	225	6,868	208	17,713	24,789
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
09/09/99	80	150	0	139	660	222	216	34	0
1999 YTD	6,670	6,073	488	4,677	24,351	8,818	5,887	475	821
1998 YTD *	6,182	3,375	409	3,407	18,600	8,499	4,757	254	624
% of Last Year	62%	139%	75%	93%	78%	59%	81%	85%	59%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

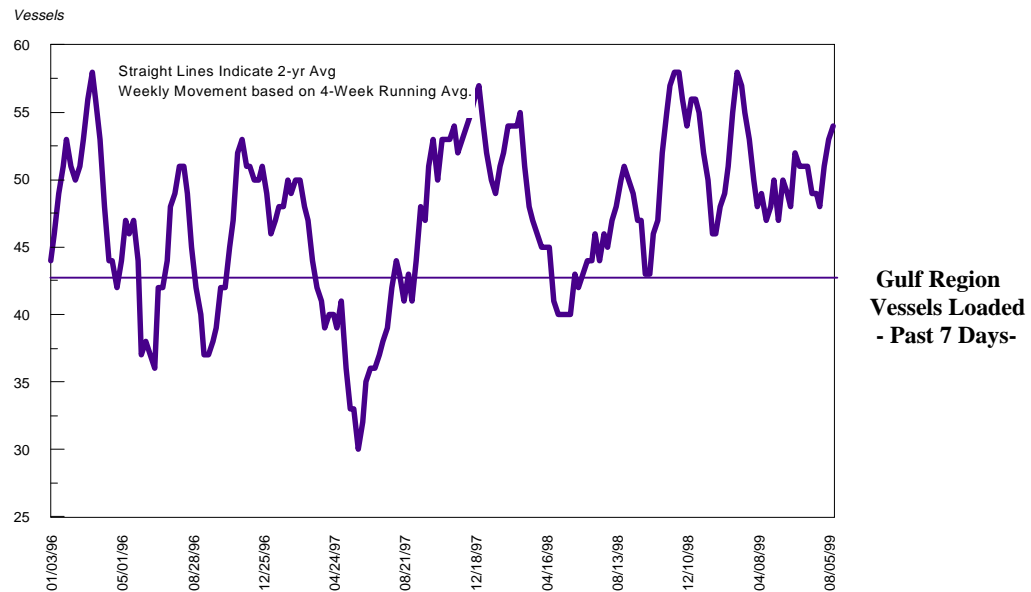
Source: Federal Grain Inspection Service * YTD-Year-to-Date (*98 = 53 week period)

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

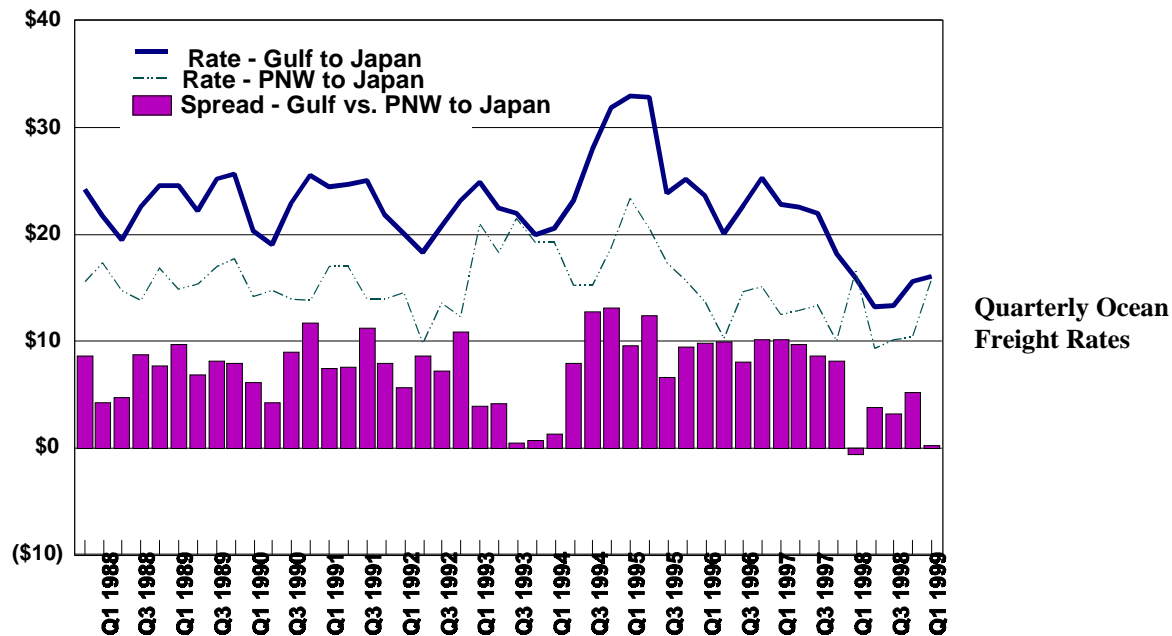
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 09/09/99			
Vancouver	490	154	43
Prince Rupert	0	0	0
Prairie Direct	105	33	17
Thunder Bay	107	4	17
St. Lawrence	289	172	0
1999 YTD Exports	991	363	77
1998 YTD Exports	933	290	19
% of Last Year	106%	125%	405%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago **
YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
		Loaded	Due Next		Loaded	Due Next		Loaded	Due Next
	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>
09/02/99	44	54	61	9			4	8	1
09/09/99	36	56	71	9			7	2	1
1998 Range	(19..62)	(34..64)	(40..93)				(1..16)	(3..14)	(0..10)
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61				9	9	3
1997 Avg	33	45	58						
1996 Avg	38	46	62						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 2 nd Qtr	1998 2 nd Qtr	% Change		1999 2 nd Qtr	1998 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$16.08	\$15.93	1%	Japan	\$15.83	\$16.49	-4%
Mexico	\$22.45	\$12.42	81%	Red Sea/ Arabian Sea	\$45.80		
Venezuela	\$13.91	\$12.27	13%				
N. Europe	\$12.28	\$9.36	31%	Argentina to			
N. Africa	\$17.80	\$12.83	39%	N. Europe	\$23.92	\$13.13	82%
				Japan	\$20.82	\$18.55	12%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates (Select Locations) - week ending 09/11/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Ireland	Grains	Spot	22,000	\$15.00
Gulf	Egypt	Wheat	Prompt	40,000	\$12.50
Gulf	Egypt	Wheat	September	60,000	\$11.75
Gulf	Djibouti (E. Africa)	Wheat	September	23,000	\$129.28 (MT)
Gulf	Japan	Heavy Grain	Sept./Oct.	42,000/54,000	\$19.75-20.10
Gulf	China	Heavy Grain	September	50,000	\$20.25
Paranagua (Brazil)	So. Korea	Soybeans	September	50,000	\$21.25
Nantes (France)	Casablanca	Wheat	Prompt	30,000	\$11.00
Antwerp (Belgium)	S. Arabia (Red Sea)	Barley	September	50,000	\$15.50
Bourgas (Bulgaria)	Djibouti (E. Africa)	Wheat	Spot	12,000	\$24.50

Source: Maritime Research Inc.